

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE NEBRASKA ECONOMY

The importance of small business to the state of Nebraska is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **39,089** full-time business firms with employees in Nebraska, **97.3** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **63,000** full-time self-employed persons in Nebraska in 1995, for a total estimated full-time business population of **102,089** firms.

Small Business Income - the income of sole proprietors and partners rose **8.1** percent to **\$2.4** billion in 1995, while wage-and-salary income rose **6.7** percent. Total personal income rose **4.5** percent in 1995 to **\$34.2** billion. The state also exported **\$1.8** billion of goods and services in 1995, an increase of **11.8** percent.

Nebraska's number of women-owned businesses, including part-time firms, increased **35.2** percent from 1987 to 1992, totaling **43,637**. The number of Black-owned firms, including part-time firms, increased **56.4** percent from 1987 to 1992, totaling **1,350** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **85.3** percent during the same time period with **1,147** firms in 1992. There has also been

a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaska Natives. The number for the group grew from **451** in 1987, to **670** in 1992, representing a **48.6** percent increase.

Small businesses with fewer than 20 employees reported **7.7** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Nebraska.

The composition of small business in Nebraska is very diverse. The **Eating and Drinking Places** industry is the largest small business employer in Nebraska. Other significant small business industries are, in descending order: **Health Services, Wholesale Trade, and Business Services**. The fast-growing industries include **Transportation Equipment, Security, Commodity Brokers and Services, Holding and Other Investment Offices, Engineering and Management Services, and Business Services**.

The number of new firms declined **10.0** percent. New business incorporations decreased by **2.5** percent to **3,360**. Business bankruptcies declined by **11.6** percent and business failures increased by **2.5** percent.

An SBA Office of Advocacy study found that Nebraska's top lenders to small businesses in 1995 were:

1. City State Bank
2. Gering State Bank & Trust
3. Hershey State Bank
4. American National Bank of Fremont
5. Dakota City State Bank
6. First Central Bank
7. Adams Bank & Trust
8. Beatrice National Bank & Trust
9. Farmers & Merchants Bank
10. First National Bank of Wisner

In sum, small businesses have a striking impact on Nebraska's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in Nebraska by Employment, 1993

	INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL
RANK				
1	Health Services	71,340	11.4	46.5
2	Business Services	53,412	8.5	34.7
3	Eating & Drinking Places	50,807	8.1	73.8
4	Food & Kindred Products	31,341	5.0	13.7
5	Wholesale Trade-nondurable Goods	27,043	4.3	69.9
	TOTAL, ALL INDUSTRIES	628,464	100.0	52.5

Top 5 Small-Business-Dominated Industries in Nebraska by Employment,
1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Eating & Drinking Places	37,481	11.4	1
Health Services	33,197	10.1	2
Wholesale Trade-durable Goods	19,406	5.9	3
Wholesale Trade-nondurable Goods	18,900	5.7	4
Business Services	18,546	5.6	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	329,840	100.0	

Fastest Growing Industries for Small Business in Nebraska, 1991 - 1993

	INDUSTRY	SMALL BUSINESS EMPLOYMENT IN 1991	1993	PERCENT CHANGE, 1991-1993
RANK				
1	Business Services	15,464	18,546	19.9

2	Insurance Carriers	1,935	2,288	18.2
3	Health Services	28,361	33,197	17.1
4	Eating & Drinking Places	35,308	37,481	6.2
5	Wholesale Trade-nondurable Goods	17,934	18,900	5.4

Office of Advocacy, U.S. Small Business Administration. Based upon Census data,
prepared under contract.